Arizona Department of Housing NSP3 Substantial Amendment

to

Action Plan

March 1, 2011

1. NSP3 Grantee Information

NSP3 Program Administrator Contact Information		
Name (Last, First)	Dhillon, Ruby	
Email Address	ruby.dhillon@aźhousing.com	
Phone Number	602-771-1031	
Mailing Address	1110 W. Washington St., Suite 310, Phoenix, AZ 85007	

2. Areas of Greatest Need

Map Submission

The map generated at the HUD NSP3 Mapping Tool for Preparing Action Plan website is included as an attachment.

Data Sources Used to Determine Areas of Greatest Need

Describe the data sources used to determine the areas of greatest need.

Response:

ADOH relied on the following data sources to identify a neighborhood or neighborhoods within the State as being areas of greatest need, assess market conditions and analyze market data:

- 1. <u>HUD_NSP3 Mapping Tool</u> used to determine the exact location of the State's Target Neighborhoods. HUD_provided the State of Arizona with a minimum threshold of 17 (www.hud.gov/nsp); therefore the State focused on identifying areas with an individual or average score of not less than 17.
- 2. www.trulia.com; and www.huduser.org/Datasets/nsp.html used to review market characteristics for the State as a whole, as well as for the proposed target areas identified by the NSP3 Mapping Tool.
- 3. Department of Housing and Urban Development [Docket No. FR-5447-N-01] Notice of Formula Allocations and Program Requirements for Neighborhood Stabilization Program Formula Grants Attachment B HUD's Methodology for Allocating the Funds for NSP3 used to compare our findings to the needs of communities which received their own NSP allocation. The summary of this outline is stated below:

State	Grantee	NSP3 Grant
Arizona	Avondale City	\$1,224,903.00
	State of Arizona	\$5,000,000.00
	Chandler	\$1,332,011.00
	Glendale	\$3,718,377.00
	Maricopa County	\$4,257,346.00
	Mesa	\$4,019,457.00
	Mohave County	\$1,990,744.00
	Peoria City	\$1,198,780.00
	Phoenix	\$16,053,525.00
	Pinal County	\$3,168,315.00
	Surprise City	\$1,329,844.00
	Tucson	\$2,083,771.00

ARIZONA TOTAL

\$45,377,073.00

The communities listed above were reviewed for data affecting market demand such as, Housing – Characteristics of the Units to Be Sold/Rented; LMMI Population — Characteristics of Potential Residents; and Status of Existing Demand.

Determination of Areas of Greatest Need

Describe how the areas of greatest need were established.

Response:

ADOH will distribute its NSP3 funds in accordance with the requirements of Section 2301(c)(2) of HERA, as amended by the Recovery Act and the Dodd-Frank Act; so that NSP3 funds are distributed to the areas of greatest need, included those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and indentified by the State as likely to face, a significant rise in the rate of home foreclosures.

After analyzing the market data collected from the various data sources, ADOH identified the areas that have the best potential to be NSP target areas. ADOH analyzed the supply of single and/or multi-family eligible properties vs. demand to adequately understand the potential challenges of each identified area. For example, target areas that could substantially promote the State's goals of increasing property values, decreasing the number of dilapidated and/or vacant units, enhancing affordability of housing, increasing availability of rental housing and building capacity of local developers, were placed at the top of the list.

Target areas that were immediately identified, and that are listed on the State's Project Summary for NSP3 are as follows:

- 1. Florence, AZ;
- 2. Casa Grande, AZ;
- 3. Rio Rico, AZ;
- 4. San Carlos, AZ;
- 5. Kearny, AZ;
- 6. Elvira, AZ;
- 7. Tsaile, AZ;
- 8. Tuba City, AZ;

- 9. Golden Valley, AZ;
- 10. Coolidge, AZ;
- 11. Superior, AZ;
- 12. Phoenix, AZ;
- 13. Phoenix(a), AZ;
- 14. Phoenix(b), AZ.

The Total Housing Units for all areas identified above are: 149,862, with a Total NSP3 Need Score of 18.11.

3. Definitions and Descriptions

Definitions

	TOTAL PROPERTY OF THE PROPERTY
Term	Definition
Blighted	A structure is blighted when it exhibits objectively determinable signs of deterioration
Structure	sufficient to constitutue a threat to human health, safety and public welfare.
	The State of Arizona traditionally defers to the code enforcement standards of local
	government. For the purpose of this NSP3 Substantial Amendment, the State will
	modify the broadest definition used in the Federal Register/Vol.73, No. 194/Monday,
	October 6, 2008, <u>Page 58331</u>
	http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoo
	dspg/nspnotice.pdf
Affordable	The definition of affordable rents will be consistent with the definition adopted for
Rents	the State Housing Fund Program Summary and Application Guide – Appendix D – Rent
	Chart—Page 71:
	http://azcms.housingaz.com/uploads/STATE%20HOUSING%20FUND/FY09%20Appli
20	cations/SHF Program Summary App Guide.pdf
10	

Descriptions

Term	Definition —		
Long-Term	For NSP3-assisted rental u	nits, the required period v	will be consistent with the
Affordability	requirements of the HOME	program as described in Cha	apter 4 of the State Housing
	Fund Program Summary and Application Guide – Page 39:		
	http://azcms.housingaz.com		NG%20FUND/FY09%20Appli
	cations/SHF Program Sumr	nary App Guide.pdf	
	ACIVITY	SATENVISIONE	MINIMINES SERIOR OF
		PERUNT	AFFORDABILITY
	Acquisition and/or Rehabilitation	1. <u>Less than \$15,000</u>	<u>5 years</u>
	Kenabilitation	2. <u>Between \$15,000 -</u> \$40,000	10 years

	3. \$40,001 or Greater	15 years
New Construction or Acquisition of newly constructed units	Regardless of Amount	20 years

ADOH will ensure continued affordability of multi-family units through recording of conditional property use restrictions with a term equal to at minimum, the affordability requirements of the HOME program the term of which is based on the amount funds invested per unit. HOME Program Standards can be found at 24 CFR 92.252(a), (c), (e), and (f), and 92.254.

Housing Rehabilitation Standards

1 through 14:

The State of Arizona adheres to HUD Quality Standards (24 CFR, Subtitle B, Chapter IX, Part 982, Subpart I), and the Exhibit D Arizona Department of Housing (ADOH) Year 2011 Mandatory Design Guidelines for Multifamily Rental Housing. The appropriate standards are applied based on the type of construction activities to take place, be it single or multi-family construction. In addition, the State requires adherence to the "State Rehabilitation Standards for Owner Occupied Housing Rehabilitation" which were originally adopted in 1998. These standards have been accepted by HUD through the approval of the States FY2005-2009 Consolidated Plan.

The housing rehabilitation standards that will apply to NSP3 assisted activities will be consistent with those articulated in the adopted State Rehabilitation Standards Pages

http://azcms.housingaz.com/uploads/HOMEOWNERSHIP/State Rehabilitation Standards.pdf

Additionally, the State will incorporate the following additions to its Housing Rehabilitation Standards:

- 1. All gut rehabilitation or new construction (i.e. general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls) of residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes.
- All gut rehabilitation or new construction of mid-or high-rise multifamily housing must be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20 percent (which is the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy).
- 3. Other rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken, e.g., replace older obsolete products and appliances (such as, windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers) with Energy Star-46 labeled products.
- 4. Water efficient toilets, showers and faucets, such as those with the WaterSense label, must be installed.

5. Where relevant, the housing should be improved to mitigate the impact of disasters (e.g., earthquake, hurricane, flooding, fires).

Additionally, the State will encourage the adoption of energy efficient and environmentally-friendly green elements to project design.

4. Low-Income Targeting

Low-Income Set-Aside Amount

Enter the low-income set-aside percentage in the first field. The field for total funds set aside will populate based on the percentage entered in the first field and the total NSP3 grant.

Identify the estimated amount of funds appropriated or otherwise made available under the NSP3 to be used to provide housing for individuals or families whose incomes do not exceed 50 percent of area median income.

Response:

Total low-income set-aside **percentage** (must be no less than 25 percent). 25:00% Total funds set aside for low-income individuals = \$1,250,000.00

Meeting Low-Income Target

Provide a summary that describes the manner in which the low-income targeting goals will be met. Response:

ADOH will allocate at least 25 percent of its NSP3 funding allocation to housing for individuals and families with incomes at or below 50 percent of the area median income. To specifically address local housing market conditions, ADOH may rehabilitate or redevelop abandoned or foreclosed residential property, and vacant or demolished residential or nonresidential property, to meet its low-income targeting goals.

5. Acquisition and Relocation

Demolition or Conversion of MI Units

Does the grantee intend to demotish or c	•	
dwelling units (i.e.,≤80% of area median	income)?	Yes
12-12-12-12		

If yes, fill in the table below

Question	Number of Units
The number of low- and moderate-income dwelling units—i.e., ≤ 80% of area median income—reasonably expected to be demolished or converted as a direct	
result of NSP-assisted activities.	0-100
The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., ≤ 120% of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for	
commencement and completion).	0-100
	Commencement:
	July 1, 2011 –

	Completion: July 1, 2014.
The number of dwelling units reasonably expected to be made available for	
households whose income does not exceed 50 percent of area median income.	25

6. Public Comment

Citizen Participation Plan

Briefly describe how the grantee followed its citizen participation plan regarding this proposed substantial amendment or abbreviated plan.

Response:

On February 7, 2011, ADOH published its NSP3 Substantial Amendment to Action Plan and invitation for public comment, by using a mix of communication tools to reach the broadest possible audiences. Publication occurred via print in the Arizona Republic newspaper, online social media website, Facebook and Twitter, electronic bulletin and posting of these documents on the Department's website, www.azhousing.gov. Additionally, translations of the Action Plan were made available to populations with limited English proficiency. Expiration of the public comment period was February 22, 2011. In an effort to solicit meaningful input, the Department encouraged community members in its proposed target areas to understand the resource limitations and NSP3 goals, ADOH also explained opportunities for community members to continue to provide feeback during program implementation. After review of the public comments, ADOH focused on the reasonable expectations of what can be accomplished and assembled its NSP3 program based thereon.

Summary of Public Comments Received.

The summary of public comments received is included as an attachment.

7. NSP Information by Activity

Enter each activity name and fill in the corresponding information. If you have fewer than seven activities, please delete any extra activity fields. (For example, if you have three activities, you should delete the tables labeled "Activity Number 4," "Activity Number 5," "Activity Number 6," and "Activity Number 7." If you are unsure how to delete a table, see the instructions above.

The field labeled 'Total Budget for Activity" will populate based on the figures entered in the fields above it.

Consult the <u>NSP3 Program Design Guidebook</u> for guidance on completing the "Performance Measures" component of the activity tables below.

Activity Number 1		
Activity Name	Multi-Family	
	Select all that apply:	
	Eligible Use A: Financing Mechanisms	
Uses	Eligible Use B: Acquisition and Rehabilitation	
	Eligible Use C: Land Banking	
	Eligible Use D: Demolition	
	Eligible Use E: Redevelopment	
CDBG Activity or	24 CFR 570.201(a) Acquisition; and (i) Relocation	
Activities	24 Ci N 370.201(a) Acquisition, and (i) Nelocation	

	24 CER 570 202 eligible rehabilitatio	n and preservation activities for homes	
	and other residential properties.	in and preservation detivities for homes	
	and other residential properties.		
	24 CFR 570.201(d) Clearance for blighted structures only.		
National Objective	Low Moderate Middle Income Housing (LMMH)		
	ADOH anticipates investing appr	roximately \$3,500,000.00 of its NSP3	
	Allocation in the redevelopment of foreclosed, vacant or blighted multifamily		
	properties. ADOH may directly select for redevelopment foreclosed, vacant		
	or blighted multifamily properties that are consistent with the State's		
		may be allocated as gap financing to	
	3 4233	ne Housing Tax Credits, meeting all NSP3	
Activity Description	eligibility requirements.		
		OOH, to the maximum extent feasible, will	
		s who reside in the vicinity of the NSP3	
	projects or contract with small businesses that are owned and operated by persons residing in the vicinity of any such project. ADOH will look to		
	information on existing local ordinar		
		of greatest need will be given highest	
Location Description	priority.	and a second second with the given highest	
		Table 100	
	Source of Funding	Dollar Amount	
Budget	NSP3	\$3,500,000.00	
	(Other funding source).	\$0	
	(Other funding source)	\$0	
Total Budget for Activity	and a contract of the second contract of the	\$3,500,000.00	
Performance Measures	Decent Housing/Affordability		
Projected Start Date	July 1, 2011		
Projected End Date	July 1,2014		
	Name : The state of the state o	Arizona Department of Housing	
	Location	1110 W. Washington St., Ste. 310,	
Responsible		Phoenix, AZ 85007	
Organization	Administrator Contact Info	Ruby Dhillon	
		602-771-1031;	
		ruby.dhillon@azhousing.gov	

Activity Number 2		
Activity ivamber 2. The state of the state o		
Activity Name	Single-Family Rental and/or Resale	
	Select all that apply:	
	Eligible Use A: Financing Mechanisms	
	Eligible Use B: Acquisition and Rehabilitation	
Uses	Eligible Use C: Land Banking	
	Eligible Use D: Demolition	
	Eligible Use E: Redevelopment	
CDBG Activity or	24 CFR 570.201(a) Acquisition; and (i) Relocation	
Activities		

	24 CFR 570.202 eligible rehabilitation and preservation activities for homes		
	and other residential properties.		
	24 CFR 570.201(d) Clearance for blighted structures only.		
National Objective	Low Moderate Middle Income Housing (LMMH)		
	ADOH anticipates investing approximately \$1,000,000.00 of its NSI		
	Allocation in the redevelopment of f	oreclosed, vacant or blighted single family	
		est need, ADOH intends to stabilize the	
		preserve affordability, rent or resale,	
	reduce vacancies and build inclusive	communities.	
Activity Description			
	1	OOH, to the maximum extent feasible, will	
	- Approximation	s who reside in the vicinity of the NSP3	
	- State - Stat	inesses that are owned and operated by	
	Appear on many party of the second	any such project. ADOH will look to	
	information on existing local ordinar	of greatest need will be given highest	
Location Description	priority.	o of greatest need will be given flighest	
	priority.		
	Source of Funding	Dollar Amount	
Budget	NSP3	\$1,000,000.00	
24V65	(Other funding source)	\$0	
	(Other funding source)	\$0	
Total Budget for Activity	A contract of the contract of	\$1,000,000.00	
Performance Measures	Decent Housing/Affordability		
Projected Start Date	July 1, 2011		
Projected End Date	July 1, 2014		
	Name	Arizona Department of Housing	
	Location with the last the second state of the second seco	1110 W. Washington St., Ste. 310,	
Responsible	Supplemental production of the		
Organization	Administrator Contact Info	Ruby Dhillon	
		602-771-1031;	
		ruby.dhillon@azhousing.gov	

Activity Number 3			
Activity Name	Program Administration		
	Select all that apply:		
	Eligible Use A: Financing Mechanisms		
Uses	Eligible Use B: Acquisition and Rehabilitation		
USES	Eligible Use C: Land Banking		
	Eligible Use D: Demolition		
	Eligible Use E: Redevelopment		
CDBG Activity or	NSP-eligible use: 10 percent cap on planning and administrative costs. CDBG		
Activities	eligible activity: 24 CFR 570.206 (a) General management, oversight, and		

a e consedicamenta e consederante. Notación de consederante e consederante en consederante en consederante en consederante en consederante en con	coordination.		
National Objective	Not Applicable.		
Activity Description	ADOH anticipates investing approximately \$500,000.00 of its NSP3 Allocation in the planning and administration of NSP eligible activities. ADOH staff has been assessed and it has been determined that the staff has the necessary skills necessary for successful implementation of the various NSP3 program types. Should any funds set aside for Program Administration remain unused, ADOH may allocate those funds to Activity 1 or 2.		
Location Description	Planning and Administration activities will occur at ADOH offices located at 1110 W. Washington, Suite 310, Phoenix AZ 85007.		
Budget	Source of Funding	Dollar Amount	
	NSP3	\$500,000.00	
	(Other funding source)	\$0	
	(Other funding source)	\$0	
Total Budget for Activity	\$500,000.00		
Performance Measures	Not Applicable.		
Projected Start Date	Upon receipt of Grantee Agreement		
Projected End Date	Within three years of HUD signing the Grantee Agreement.		
Responsible Organization	Name	Arizona Department of Housing	
	Location	1110 W. Washington St., Ste. 310,	
		Phoenix, AZ 85007	
	Administrator Contact Info	Ruby Dhillon	
		602-771-1031;	
		ruby.dhillon@azhousing.gov	

8. Certifications

Certifications for State and Entitlement Communities

- (1) Affirmatively furthering fair housing. The jurisdiction certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-displacement and relocation plan.** The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.
- (3) **Anti-lobbying.** The jurisdiction must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (4) **Authority of jurisdiction.** The jurisdiction certifies that the consolidated plan or abbreviated plan, as applicable, is authorized under state and local law (as applicable) and that the jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (5) **Consistency with plan.** The jurisdiction certifies that the housing activities to be undertaken with NSP funds are consistent with its consolidated plan or abbreviated plan, as applicable.
- (6) **Acquisition and relocation.** The jurisdiction certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for the NSP program published by HUD.
- (7) **Section 3.** The jurisdiction certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (8) **Citizen participation.** The jurisdiction certifies that it is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (9) **Following a plan.** The jurisdiction certifies it is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD. [Only States and entitlement jurisdictions use this certification.]
- (10) **Use of funds.** The jurisdiction certifies that it will comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Title XII of Division A of the American Recovery and Reinvestment Act of 2009 by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.

(11) The jurisdiction certifies:

a. that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income; and

- b. The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.
- (12) Excessive force. The jurisdiction certifies that it has adopted and is enforcing:
 - a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
 - b. A policy of enforcing applicable state and local laws against physically barring entrance to, or exit from, a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.
- (13) **Compliance with anti-discrimination laws.** The jurisdiction certifies that the NSP grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.
- (14) **Compliance with lead-based paint procedures.** The jurisdiction certifies that its activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.
- (15) Compliance with laws. The jurisdiction certifies that it will comply with applicable laws.
- (16) **Vicinity hiring.** The jurisdiction certifies that it will, to the maximum extent feasible, provide for hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects.
- (17) **Development of affordable rental housing.** The jurisdiction certifies that it will be abide by the procedures described in its NSP3 Abbreviated Plan to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds.

Signature/Authorized Official

Date

Title

18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE INDICATION ARE TRUE AND CORRECT. THE INDICATION ARE TRUE AND CORRECT. THE INDICATION AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.

a. Authorized Representative	
Prefix First Name Michael	Middle Name
Last Name Trailor	Suffix
b. Title Director	c. Telephone Number (give area code) 602-771-1007
d. Signature of Authorized Representative	e. Date Signed 1/28/2011

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